

## Women need to plan for financial security

Women are becoming increasingly sophisticated about how to save for life's major financial events, like home and auto purchases, vacations, children's education and retirement. This is important because women's planning needs are often different than their male counterparts<sup>1</sup>:

- Women live longer than men, by as many as five to seven years on average.
- Women typically earn less than men – 77 cents to the dollar.
- Due to the gap in wages, women save less for life's major expenses and retirement than men.
- Moving in and out of the workforce, often to care for children or aging parents, makes it difficult for women to accumulate as large a retirement nest egg.

These circumstances dictate that women become personally involved in their financial well-being and take an active role in developing a strategy to assure financial security. Creating a comprehensive personal financial plan is the first step to achieving this goal. This is a five-step process that involves partnering with a Financial Advisor:

1. **Gathering information** – Determine the current situation – special family requirements, assets and liabilities, financial needs, current and anticipated income, and tolerance for investment risk.
2. **Setting financial goals** – Identify education objectives for children and grandchildren, retirement age and income goals, insurance considerations and estate concerns.
3. **Developing a financial plan** – Outline the steps necessary to meet the goals that have been identified. Be as specific as possible.
4. **Implementing the plan** – Commit to action immediately. The best plan in the world will fail if it's never started.
5. **Reviewing and updating the plan periodically** – The inevitable changes of life may require adjustments to the plan. Periodic reviews will provide opportunities to identify these events and make the necessary changes.

Because of divorce and extended life expectancies, most women will be responsible for their own finances at some point in their lives. According to David Bach, author of *Smart Women Finish Rich*, 25% of all widows go through their husbands' death benefit within the first two months – and the average age of widowhood is 56.

These statistics demonstrate the need for women to become personally involved in achieving their own financial security. Establishing a financial plan tailored to specific wants and needs is the surest route to obtaining this goal.

<sup>1</sup>Women's Institute for a Secure Retirement; U.S. Census Bureau.